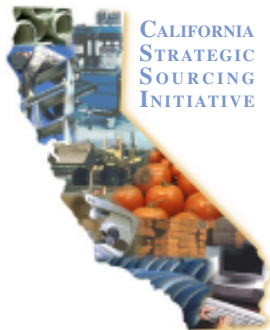


# CSSI Times



CALIFORNIA  
STRATEGIC  
SOURCING  
INITIATIVE

## STRATEGIC SOURCING 101

Strategic Sourcing is a disciplined process designed to provide the State of California with significant savings on purchases of the goods and services it needs to serve the people of California. The process streamlines State procurement by consolidating, renegotiating, and automating contracts.

Through analysis of previous expenditures and the marketplace of potential suppliers, State procurement officials can leverage their combined buying power. In addition, they may employ innovative contracting techniques to further reduce prices. Goods and services purchased by multiple agencies in large

quantities—everything from computers to cars—are ideal candidates for Strategic Sourcing.

The California Strategic Sourcing Initiative (CSSI) equips the State with valuable information about expenditures, savings, product specifications, price negotiations, and best practices. At the same time, State government is better able to account for its annual expenditure of more than \$4 billion on necessary goods and services.

Strategic Sourcing is a process that has proved successful in both the private and public sectors. When fully implemented, Strategic Sourcing is expected to save millions of dollars each year for California taxpayers.

## DIP INTO DISCOUNTS FOR OFFICE SUPPLIES



Hiroko Kurosawa, the DGS OfficeMax contract manager, explains the benefits of the renegotiated office supplies contract to an interested State employee.

Over the coming months, State employees will learn more about new savings opportunities, as Department of General Services (DGS) teams take the *show on the road*. The CSSI outreach effort began in April with information tables in high-traffic State office buildings where DGS representatives talked about the renegotiated OfficeMax contract for office supplies.

According to Danetta Martin, a CSSI team member who has participated in several of the outreach events, visits with employees throughout California provide a valuable exchange of information. "Not only do we get an opportunity to explain how the OfficeMax contract can save money for State departments, we get important feedback that we use to improve the delivery of strategically sourced goods and services," she said.

The contract offers an initial savings of approximately 18 percent over last year's prices. However, there are additional discounts that can, in many cases, raise the savings to more than 20 percent:

- 1 percent discount for using CAL-Card
- 1 percent discount for ordering online, up to 1.5 percent if 40 percent of total purchases each month are done online.

For more information about the range of office products available on this mandatory contract, as well as exceptions within the contract that allow departments to purchase from California-certified small businesses and Disabled Veteran Business Enterprises (DVBES), visit the CSSI Web site at [www.pd.dgs.ca.gov/stratsourcing](http://www.pd.dgs.ca.gov/stratsourcing). To access the online catalog, visit OfficeMax's Web site at [www.OfficeMaxSolutions.com](http://www.OfficeMaxSolutions.com). For assistance with implementation or information on contract terms, contact the DGS/Procurement Division's Contract Manager for the OfficeMax contract, Hiroko Kurosawa at (916) 375-4382 or [Hiroko.Kurosawa@dgs.ca.gov](mailto:Hiroko.Kurosawa@dgs.ca.gov).

## FROM “STANDARD” TO OUTSTANDING—CSSI BRINGS ePURCHASING TO CALIFORNIA

Anyone who's been around State government in a purchasing capacity has probably run across a *Standard 65*. It's the form State employees must fill out in order to purchase anything from a stapler to a school bus. The form's official name is the *Purchasing Authority Purchase Order*, but it is referred to by its assigned number, the *Standard 65*.

The Standard 65 has served the buying needs of State employees for years, but the DGS Procurement Division is no longer satisfied with “standard.” The CSSI is taking procurement to a new level, employing a variety of electronic tools to transform the procurement process. One of these tools is **CAL-Buy**, an online purchasing system that may someday make the Standard 65 a thing of the past.



CAL-Buy is much more than an automated form. It provides a complete, Internet-based purchasing system that connects government buyers to a central search engine where they can find strategically sourced products and add them to an online shopping cart. When buyers finish shopping, they simply click the *Submit* button and purchase orders are transmitted electronically—and immediately—to required approvers and, upon final approval, to the supplier's desktop.

Studies in both the public and private industry show that ePurchasing results in cost savings, increased compliance with purchasing rules, and faster order turnaround. CAL-Buy will soon bring these same benefits to some of California's largest departments, helping us all move a little further from “standard” and a little closer to outstanding.

### NEW PARTNERSHIPS BENEFIT THE STATE AND BUSINESSES ALIKE

As the State moves forward with releasing new Strategic Sourcing electronic Requests For Proposals (eRFPs), the DGS is taking steps to ensure that small businesses and Disabled Veteran Business Enterprises (DVBES) are in a position to get a slice of the Strategic Sourcing pie.

The DGS is sponsoring a series of groundbreaking events called “partnering workshops” to facilitate the building of business relationships between small businesses/DVBES and prime vendors on a category-by-category basis. Where applicable, these partnering workshops coincide with the bidders' conferences that are held for each Strategic Sourcing eRFP. To date, the workshops have met with resounding success with dozens of businesses taking part. The workshops are held at DGS headquarters in West Sacramento.

At each partnering workshop, small businesses and DVBES have the opportunity to meet directly with many potential prime vendors interested in the eRFPs. The meetings last about 5 to 10 minutes and provide the small business and DVBE with a premium opportunity to ‘pitch’ their respective best services, best products, and best values to the potential prime vendor.



Prime vendor and small business representatives participate in the Office Equipment Partnering Workshop on April 7.

“The partnering workshops are an excellent opportunity for small businesses and DVBES to build new relationships that will positively impact their economic development,” said Rita Hamilton, Deputy Director of the DGS Procurement Division. “Not only will small businesses and DVBES benefit from these new partnerships, the State will benefit as well by receiving the very best proposals possible.”

With the State of California committed to the full participation of small businesses and DVBES in the procurement process, these workshops are a “win-win” for everyone involved.

For more information on future partnering workshops, visit the CSSI Web site at [www.pd.dgs.ca.gov/stratsourcing](http://www.pd.dgs.ca.gov/stratsourcing) and click on *News and Events*. In addition, you may contact Danetta Martin at (916) 375-4483 or [danetta.martin@dgs.ca.gov](mailto:danetta.martin@dgs.ca.gov).

# SLICE OF THE STRATEGIC SOURCING PIE

From the release of the Request for Interest (RFI) to the contract award there are many important dates and milestones for CSSI. These are the current category updates:

## CSSI Category Status

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### Office Equipment Category

*Encompasses:* Copiers and their service/maintenance agreements.

*Status:* The DGS released the Office Equipment eRFP on March 29 and held a bidders' conference April 7. The team anticipates a contract award in late May.

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### Medical Related Services Category

*Encompasses:* Temporary staffing, hospital, and laboratory testing services.

*Status:* The team has revised the Temporary Staffing category work plan to exclude services for physicians and psychiatrists and is currently in the process of reviewing the plan with the core team lead. The Hospital Services category team is being formed and work will start on the category work plan.

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### Vehicles Related Category

*Encompasses:* E Class Sedans (Pursuit Vehicles) and Light Vehicles

*Status:* Two contracts for pursuit vehicles were awarded on January 18. Light Vehicles should be sourced this summer. Currently the team is developing a category work plan to source this subcategory, which includes sedans, SUVs, trucks, and vans.

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### Wireless Equipment and Services Category

*Encompasses:* Wireless voice and data and related wireless equipment, including accessories.

*Status:* The DGS is scheduled to release the Wireless eRFP in early May. The team anticipates a contract will be awarded by July.

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### Maintenance, Repair and Operations (MRO) Category

*Encompasses:* Janitorial supplies, industrial supplies, tools, safety supplies, and HVAC

*Status:* The category work plan was approved on March 29 and the eRFP is being developed. The MRO eRFP release should occur this summer.

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### Medical Related Goods Category

*Encompasses:* Pharmaceuticals and medical/surgical supplies.

*Status:* A strategically sourced contract for pharmaceuticals to treat Hepatitis C went into effect April 1; savings are expected to exceed \$1 million annually. The team is analyzing savings opportunities for anticonvulsant and gastrointestinal drugs and reviewing sourcing recommendations with the Common Drug Formulary committee. Additionally, the DGS released the eRFP for prime vendor Pharmaceutical and Medical/Surgical Products on April 1 and held a bidders' conference on April 12. In conjunction with the prime vendor eRFP, the Pharmacy Benefits Management for Parolees subcategory is currently in legal review.

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### IT Hardware—PC Goods Category

*Encompasses:* Desktops and workstations; laptops; PC servers; printers; and peripherals

*Status:* The DGS released the PC Goods eRFP February 24 and held a bidders' conference March 9. Approximately 80 people, most of whom participated in the small business and DVBE partnering workshop, attended. When attendees were surveyed to rate the overall partnering workshop's value/benefit on a scale of one to 10, with one being the lowest and 10 the highest, 90 percent (25 respondents) gave a score of seven or better. The DGS issued addenda to address the clarifications and requests for eRFP changes. The DGS expects to award the contract in late May.

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### IT Hardware—Enterprise Hardware

*Encompasses:* Enterprise servers and storage systems

*Status:* The DGS released the Enterprise eRFP March 4 and held a bidders' conference and partnering workshop on March 18. The Enterprise Category's Evaluation Team - much like that of PC Goods - comprises representatives from various agencies and departments, such as the Teale Data Center, Health and Human Services Data Center, California Department of Corrections, and the Franchise Tax Board. The DGS has issued addenda to address the clarifications and requests for eRFP changes. This team will evaluate final proposals in May, and the DGS expects to award the contract in June.

# REAL PEOPLE, REAL SAVINGS



## Water Resources Taps New Source—CSSI

On loan from the Department of Water Resources (DWR), Dave Kearney and fellow purchasing staff member Sonny Eboigbe joined the CSSI team last fall, along with dozens of others from State departments.

"It was an opportunity to use the spend data and the product detail that the DWR has to benefit this initiative (CSSI)," Kearney said. He said he became particularly interested in Strategic Sourcing after learning more about it from various presentations and materials. This spurred his active involvement with the project.

Kearney has worked for the DWR since 1990 and has an extensive background in procurement. He is currently the Chief of Purchasing Services.

In addition to the simplified ordering process with the OfficeMax contract, the DWR has already saved \$1,200 more than the initial reference quote on their first toner cartridge order in mid-January. Kearney said the buyer was so shocked at the unexpected savings that he initially thought there was some kind of pricing error on the Web site. "It has forced us (DWR) and the DGS Procurement Division to aggressively analyze the data on what we buy and from whom," Kearney said.

Although procurement may not have been the main focus of departments in the past, Kearney advises that everyone get on board with the CSSI. "Fight the *this is just another initiative that will go away* mind set," he said, "There will be lessons learned that we all (CSSI participants) can benefit from."

Part of his support for Strategic Sourcing comes from the success that private industries worldwide have enjoyed for more than 10 years. "Organizations are benefiting with lower prices, simplified ordering, and better supplier relations."

But Kearney recognizes Strategic Sourcing isn't just popular with the private sector; other states have already had success. "The Western States Contracting Alliance (WSCA), a 15-state procurement coalition, is extremely pleased with the pricing and customer service they are receiving from their suppliers by leveraging the purchasing power of the member states," he said.

Overall, Kearney's experience on the CSSI team has been a positive one. He said his favorite part has been, "the people I've met, the opportunity to do something different in the procurement arena, and the knowledge I've gained."

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## How can I get the latest info on Strategic Sourcing and stay plugged in?

- Visit [www.pd.dgs.ca.gov/StratSourcing](http://www.pd.dgs.ca.gov/StratSourcing) where you can look for the latest information on what's happening with Strategic Sourcing.
  - See the bulletin boards on the first and second floors of the Ziggurat.
  - Tap the shoulder of any CSSI team member and ask, "What's new with Strategic Sourcing?"
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